

# **EXHIBIT H**

Corporate Trust Services  
One Federal Street, 3<sup>rd</sup> Floor  
Boston, MA 02110

***THIS TRANSMITTAL CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. PLEASE EXPEDITE RE-TRANSMITTAL TO SUCH BENEFICIAL OWNERS IN A TIMELY MANNER.***

**NOTICE TO HOLDERS OF NOTES ISSUED BY**

**PEBBLE CREEK LCDO 2007-3 LTD.,**

**AND TO THE PARTIES LISTED ON EXHIBIT B ATTACHED HERETO.**

(CUSIP numbers for Transactions listed on Exhibit A attached hereto and made a part hereof.)

(Notice Date: March 20, 2013)

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Reference is made to that certain Indenture dated as of July 19, 2007, by and between Pebble Creek LCDO 2007-3, Ltd. as Issuer, Pebble Creek LCDO 2007-3, Corp., as Co-Issuer and U.S. Bank National Association, as indenture trustee (the "*Trustee*"). Any capitalized terms used herein and not otherwise expressly defined shall have the respective meanings assigned to such terms in the Indenture.

**This notice is being provided to you because the Trustee has entered into a Settlement Agreement with Lehman Brothers Special Financing Inc. ("LBSF"), subject to the approval of the Bankruptcy Court as described below.**

In prior Notices, the Trustee has advised Noteholders of a dispute with LBSF with regard to the priority of payment of a termination payment allegedly due it under the terms of a credit derivative swap agreement that is a material part of this transaction. As you will recall, LBSF takes the position that the termination payment is due and payable prior to payments due Noteholders. As we have also reported, this issue has been the subject of litigation in the United States Bankruptcy Court for the Southern District of New York (the "*Bankruptcy Court*"). LBSF is also a holder of certain of the Notes.

In connection with and as part of a court-ordered mediation which was disclosed in prior Notices to holders, the Trustee and LBSF have entered into a settlement agreement, subject to the approval of the Bankruptcy Court. Under the terms of the settlement, all shares currently invested in the LIBOR Fund will be liquidated; certain funds will be released to LBSF as a consequence of it being both the swap counterparty and a holder of Notes; and, the Trustee will retain funds in an amount more than the principal balance due on the Notes not held by LBSF as of the date hereof, to secure payment to holders of such Notes upon either a settlement of the issues surrounding the priority of the termination payment or alternatively the successful litigation of those issues as pertaining to such Notes. In addition, the Trustee is retaining funds

in a reserve to pay any fees and expenses incurred in connection with this ongoing dispute and the continued administration of this transaction.

Please be advised that the settlement agreement is not intended to adversely affect the substantive legal rights of any holder of Notes not held by LBSF. As reflected in the related motion filed with the Bankruptcy Court (ECF No. 35813) (the "*Motion*") the Trustee has asked the Bankruptcy Court to preserve the legal rights of all such holders with respect to the issue of the priority of the termination payment.

A hearing is scheduled with respect to the Motion seeking approval of the settlement on April 27, 2013. Any objections to the settlement must be filed with the Court on or before 4:00 PM prevailing Eastern time on April 17, 2013 in accordance with the related Notice of Motion, and served upon (i) the chambers of the Honorable James M. Peck, One Bowling Green, New York, New York 10004, Courtroom 601; (ii) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Jacqueline Marcus, Esq., and Sujan H. Trivedi, Esq., attorneys for the Plan Administrator; (iii) the Office of the United States Trustee for Region 2 (the "*U.S. Trustee*"), 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Tracy Hope Davis, Esq., Elisabetta Gasparini, Esq., and Andrea B. Schwartz, Esq.; (iv) Milbank, Tweed, Hadley & McCloy LLP, 1850 K Street NW, Suite 1100, Washington, District of Columbia 20006, Attn: David S. Cohen, Esq., attorneys for the official committee of unsecured creditors appointed in these cases; and (v) Chapman and Cutler LLP, 111 West Monroe Street, Chicago, Illinois 60603, Attn: Franklin H. Top, III, Esq., and Scott A. Lewis, Esq., attorneys for U.S. Bank National Association.

Receipt of this notice should not be construed as evidence or acknowledgment of any requirement applicable to, or of any right or authority on the part of any recipient under the Indenture to direct, the matters addressed herein, or of any obligations on the part of the Trustee with respect thereto, and the Trustee expressly reserves all rights in determining appropriate actions and requirements concerning these matters.

Prior to any distribution to Noteholders, funds held under the relevant Indenture may be used first for payment of the fees and costs incurred or to be incurred by the Trustee in performing its duties, as well as for any indemnities owing or to become owing to the Trustee. These include, but are not limited to, compensation for time spent, and the fees and costs of counsel and other agents employed, to pursue remedies, defend claims, or take other actions to protect the interests of the Noteholders and the Issuer, respectively. The Trustee is not required to expend or risk its own funds in connection with any matter under the Indenture unless adequate reassurance of payment and/or indemnity is provided to it.

The Trustee reserves all rights under the Indenture. Please be aware that the Trustee may conclude that a specific response to particular inquiries from individual Noteholders is not consistent with equal and full dissemination of information to all Noteholders. Noteholders should not rely on the Trustee as their sole source of information. The Trustee makes no recommendations, gives no investment, legal or tax advice. Each Noteholder should seek advice from an independent advisor based on such Noteholder's particular circumstances.

U.S. Bank National Association,  
as Trustee

**Exhibit A**

**CUSIPs**

**PEBBLE CREEK LCDO 2007-3**

<b><u>Security</u></b>	<b><u>CUSIP</u></b>	<b><u>ISIN</u></b>
<b>Class A Notes</b>		
Class A Rule 144A Certificated Note	70509DAA8	US70509DAA81
Certificated Class A Note	70509DAF7	US70509DAF78
Class A Regulation S Global Note	G6966BAA5	USG6966BAA55
<b>Class B Notes</b>		
Class B Rule 144A Certificated Note	70509DAB6	US70509DAB64
Certificated Class B Note	70509DAG5	US70509DAG51
Class B Regulation S Certificated Note	G6966BAB3	USG6966BAB39
<b>Class C Notes</b>		
Class C Rule 144A Global Note	70509DAC4	US70509DAC48
Certificated Class C Note	70509DAH3	US70509DAH35
Class C Regulation S Global Note	G6966BAC1	USG6966BAC12
<b>Class D Notes</b>		
Class D Rule 144A Global Note	70509DAD2	US70509DAD21
Certificated Class D Note	70509DAJ9	US70509DAJ90
Class D Regulation S Global Note	G6966BAD9	USG6966BAD94
<b>Class E Notes</b>		
Class E Rule 144A Global Note	70509DAE0	US70509DAE04
Certificated Class E Note	70509DAK6	US70509DAK63
Class E Regulation S Global Note	G6966BAE7	USG6966BAE77

**Exhibit B**

**ISSUERS**

Pebble Creek LCDO 2007-3, LTD.  
c/o Maples Finance Limited  
P.O. Box 1093 GT  
Queensgate House, South Church Street  
George Town, Grand Cayman, Cayman Islands

Pebble Creek LCDO 2007-3, LTD.  
c/o Maples and Calder  
P.O. Box 309GT  
Ugland House, South Church Street  
George Town, Grand Cayman,

**CO-ISSUERS**

Pebble Creek LCDO 2007-3, CORP.

c/o Puglisi & Associates  
850 Library Avenue, Suite 204  
Newark, Delaware 19711  
Attention: Donald J. Puglisi

**RELATED PARTIES**

Standard and Poor's Rating Services  
55 Water Street, 41<sup>st</sup> Floor  
New York, NY 10041-0003  
Attn: Structured Finance Ratings,  
CBO/CLO Surveillance  
(fax: 212-438-2664)  
([cdo\\_surveillance@sandp.com](mailto:cdo_surveillance@sandp.com))

Moody's Investor Services  
99 Church Street  
New York, NY 10007  
Attn: Structured Finance Group  
CBO/CLO Monitoring  
(Fax: 212-553-0355)  
([cdomonitoring@moodys.com](mailto:cdomonitoring@moodys.com))